



June 10, 2014

**Delivery Vehicle Fleet Replacement**  
Report Number DR-MA-14-005

**BACKGROUND**

The U.S. Postal Service uses more than 190,000 vehicles to collect and deliver mail, including about 142,000 long-life vehicles that are nearing or exceeding their expected service life. As the fleet ages, maintenance costs will increase and older models will be retired as they become too costly to maintain or repair.

Our objectives were to assess the Postal Service's acquisition strategy for the next generation of collection and delivery vehicles and identify features recommended for these vehicles.

**WHAT THE OIG FOUND:**

The Postal Service has an acquisition strategy, but has not fully developed or implemented it. The short-term plan developed in 2011 included acquiring 25,000 vehicles costing about \$500 million to meet operational needs and replace some of the aging fleet. The long-term plan included purchasing the next generation of delivery vehicles beginning in fiscal year (FY) 2017. However, this plan lacked details, such as vehicle requirements, specifications, and green technology features. Despite 3 years of effort, neither plan has been approved or fully funded. In January 2014, the Postal Service received approval to purchase 3,509 vehicles to meet a contractual rural carrier vehicle commitment as a stop gap measure.

These conditions occurred due to financial constraints. Our analysis of the delivery vehicle inventory and motorized

routes showed the Postal Service could sustain delivery operations nationwide until FY 2017. On the other hand, it could experience vehicle shortfalls if there are unexpected decreases in vehicle inventory or increases in motorized routes. In addition, aging vehicles are typically repaired when they break down, even though it would sometimes be more cost effective to replace them.

In designing new delivery vehicles, management must consider federal fleet regulations, emerging vehicle technologies, and fleet best practices. For example, growth in the package market could help dictate the design and technologies selected for a new vehicle. Moreover, replacing vehicles could take more than 10 years. Thus, the Postal Service should act quickly to implement a plan to meet operational needs, achieve sustainability goals, and reduce maintenance costs.

**WHAT THE OIG RECOMMENDED:**

We recommended the vice president, Delivery and Post Office Operations, continue to pursue short-term annual vehicle acquisitions and formalize a long-term plan to replace the fleet that includes requirements and specifications for the next generation of delivery vehicles.